

El Salvador - Handicrafts Value Chain

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Overview

Identification

COUNTRY

El Salvador

EVALUATION TITLE

Handicrafts Value Chain

EVALUATION TYPE

Independent Impact Evaluation

ID NUMBER

DDI-MCC-SLV-PBS-HANDICRAFTS-MPR-2014-v1

Overview

ABSTRACT

The evaluation was designed to answer the following questions:

- What impact did FOMILENIO's offer of PBS assistance have on intermediate outcomes, such as production levels, business practice adoption, technology adoption, and product diversification?
- What impact did FOMILENIO's offer of PBS assistance have on employment creation and artisans' investment and income?
- What impact did FOMILENIO's offer of PBS assistance have on household income?

In the handicrafts chain, we find a positive impact of PBS on employment generation after one year of assistance, as well as a positive impact on artisans' likelihood to devote labor to handicrafts and sell handicrafts. However, we find no significant impact on net handicraft or household income in 2010 or any subsequent year. This suggests that one or more structural obstacles to marketing and selling handicrafts may have inhibited positive impacts on artisans' handicraft income. Examples of potential obstacles could include market access difficulties, limited demand during non-peak months, or the inability of assisted artisan groups to ensure the quality of their goods to secure large orders. Also possible is that diminishing marginal returns to additional production could translate to a lack of increased sales and income, despite increased investments in paid labor.

EVALUATION METHODOLOGY

Randomization

UNITS OF ANALYSIS

Handicraft producers

KIND OF DATA

Sample survey data [ssd]

TOPICS

| Topic | Vocabulary | URI |
|----------------------------|------------|-----|
| Agriculture and Irrigation | MCC Sector | |
| Gender | MCC Sector | |

KEYWORDS

Handicrafts, Artisan, Training, Technical assistance

Coverage

GEOGRAPHIC COVERAGE

19 municipalities in the Northern Zone of El Salvador

UNIVERSE

Artisans in the study are largely married females around the age of 40 with a basic education. Overall, artisans invested between \$400 and \$600 a year in handicrafts production, and made a profit of between \$300 and \$500 on these investments.

Producers and Sponsors

PRIMARY INVESTIGATOR(S)

| Name | Affiliation |
|-----------------------------|-------------|
| Mathematica Policy Research | |

FUNDING

| Name | Abbreviation | Role |
|----------------------------------|--------------|------|
| Millennium Challenge Corporation | MCC | |

Metadata Production

METADATA PRODUCED BY

| Name | Abbreviation | Affiliation | Role |
|----------------------------------|--------------|-------------|-------------------|
| Millennium Challenge Corporation | MCC | | Metadata Producer |

DATE OF METADATA PRODUCTION

2015-05-27

DDI DOCUMENT VERSION

Version 1.0 (May 2015)

DDI DOCUMENT ID

DDI-MCC-SLV-PBS-HANDICRAFTS-MPR-2014-v1

MCC Compact and Program

COMPACT OR THRESHOLD

El Salvador

PROGRAM

Funded by the Millennium Challenge Corporation (MCC) and implemented by El Salvador's Millennium Challenge Account (known as FOMILENIO in Spanish) from 2008 to 2012, the main objective of the Productive Development Project (PDP) was to assist in the development of profitable and sustainable business ventures for poor individuals in El Salvador's Northern Zone. Over approximately four years, the PDP used nearly \$72 million in allocated funds to provide over 13,500 participants with technical and material assistance and create more than 11,000 full-time equivalent jobs. The PDP comprised three activities: Production and Business Services (PBS), Investment Support, and Financial Services. The largest of the PDP's three activities was the PBS Activity, which provided technical and material assistance to farmers and small-scale producers to support the Northern Zone's dairy, fruit, horticulture, handicrafts, tourism, forestry, and coffee sectors. As stated in the 2006 MCC-El Salvador compact in which it was established, the goal of the PBS Activity was to "help poor farmers, organizations and micro-, small, and medium enterprises that benefit poor inhabitants of the Northern Zone successfully transition to higher-profit activities, generating new investment, expanding markets and sales, and creating new jobs in ways that stimulate sustainable economic growth and poverty reduction."

MCC SECTOR

Agriculture and Irrigation (Ag & Irr)

PROGRAM LOGIC

First, PBS service providers offer technical assistance to artisans. A portion of PBS participants also has access to investment capital through Activity 2 of the PDP (Investment Support) as well as small loans through Activity 3 of the PDP (Financial

Services). This capital could help artisans finance new production technologies, build new locales, or make marketing or branding investments. As a result of training and assistance, artisans would develop stronger business and technical skills. With these new skills, artisans would generate increased and more diversified handicrafts, and sell these handicrafts directly to local, national, and international buyers. As defined in the compact, PBS participants in all assisted value chains were expected to increase their annual income by 15 percent, on average, over the course of the multi-year activity as a result of assistance. In mid-2010, the PBS assistance model changed in two fundamental aspects (see assistance types that were offered in Phase II, which corresponds to implementation from mid-2010 to 2012). First, technical assistance would now be accompanied by donations of materials for handicraft production. Second, Chemonics International, a development consulting firm, would provide additional technical assistance to two handicraft cooperatives in the Northern Zone. This assistance would focus on establishing linkages with clients, product design, and strengthening networks of participating handicrafts workshops and artisans. Supported enterprises would provide participating artisans with cheaper inputs and give them handicraft orders to fill. This model marked a departure from the Phase I assistance model, which envisioned that individual artisans and workshops could be trained to interact directly with local, national, and international buyers. Under the Phase II model, FOMILENIO-supported enterprises played a key role in coordinating among artisan groups and workshops to fill large orders, thus generating increased sales, income, and profits among artisans in their extended networks.

PROGRAM PARTICIPANTS

Poor individuals in El Salvador's Northern Zone. Eligibility criteria for assistance under PBS changed from Phase I to Phase II for most value chains. Notably, Phase II participants in the handicrafts chain were Executive Summary Mathematica Policy Research xii required to have substantial experience in handicraft production, whereas an interest in handicraft production was sufficient in Phase I.

Sampling

Study Population

Artisans in the study are largely married females around the age of 40 with a basic education. Overall, artisans invested between \$400 and \$600 a year in handicrafts production, and made a profit of between \$300 and \$500 on these investments.

Sampling Procedure

A total of 19 municipalities (9 in treatment and 10 in control) with 674 individuals (337 in treatment and 337 in control) were randomized into the study. The analysis sample for this evaluation includes all respondents that completed all four in-person interviews: one baseline and three follow-up interviews. This is a total of 587 individuals (289 in treatment and 298 in control). Over 85 percent of the sample completed all four surveys over three years.

Deviations from Sample Design

At baseline, 74 individuals not included in the sample frame were administered the PDS-H producer questionnaire. They are not included in the analysis data set.

Response Rate

Percentage that Completed All Interviews (Analysis Sample):

Treatment: 86%

Control: 88%

Weighting

No weights were used for this impact analysis.

Questionnaires

Overview

The PBS impact evaluation assesses both main and intermediate outcomes resulting from the offer of three years of PBS assistance. To create these outcome indicators, we designed the Productive Development Surveys (PDSs), which are in-person baseline and follow-up surveys that focus on productive activities and measure household income and consumption. Under a contract between FOMILENIO and the Dirección General de Estadística y Censos (DIGESTYC), data collectors administered baseline and follow-up PDSs to all eligible artisans in the evaluation, which includes all producers in the treatment group as well as the control group. Data collection included baseline data collection (right before Phase I services), the first follow-up data collection (right after the end of Phase I), a second follow-up (after one year of Phase II services), and a final follow-up one year later, approximately one month after Phase II services concluded in July 2012.

Data Collection

Data Collection Dates

| Start | End | Cycle |
|-------|-----|-------|
|-------|-----|-------|

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Data Collectors

| Name | Abbreviation | Affiliation |
|---|--------------|---------------------------------|
| Dirección General de Estadística y Censos | DIGESTYC | National Statistical Department |

Data Processing

Data Editing

After interviewers completed each questionnaire, the interviewers reviewed the questionnaire entries and submitted them to the field coordinator for cross-editing. During data entry in SPSS, mistakes were corrected using visual and program control.

Other Processing

Each set of questionnaire responses was entered by two specialists independently to cross-check skips and prevent mechanical mistakes. These data were transmitted to Mathematica for analysis.

Data Appraisal

Estimates of Sampling Error

Impacts of the PBS Activity in Handicrafts were estimated within a regression framework that controlled for baseline measures. Impacts of intent-to-treat (ITT) and treatment-on-treated (TOT) are both provided. Standard errors for the impact estimates were clustered at the municipality level.